
Minutes

Board of Natural Resources

February 4, 2003
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Bruce Bare, Dean, University of Washington, College of Forest Resources

James Zuiches, Dean, Washington State University, College of Agriculture and Home Economics

CALL TO ORDER

Chair Sutherland called the meeting to order at 9:15 a.m. on Tuesday, February 4, 2003, in Room 172 of the Natural Resources Building.

APPROVAL OF MINUTES

MOTION: Glen Huntingford motioned to approve the January 15, 2003, Board of Natural Resources Meeting Minutes.

SECOND: Bruce Bare seconded.

ACTION: Motion passed unanimously.

PUBLIC COMMENTS FOR AGENDA ACTION ITEMS

Bill Robinson - Nature Conservancy of Washington

Expressed his support for the Mima Mounds project. He indicated that this project is an excellent example of how the program works.

CONVENE AS HARBOR LINE COMMISSION

Chair Sutherland declared the Board convened as the Harbor Line Commission to consider a proposal to change the harbor lines in the La Conner harbor area. Chair Sutherland then introduced Fran McNair as presenter.

Proposal to Change La Conner Harbor Area - Resolution # 1053 (Handout 1)

Fran McNair- Aquatic Lands Steward, stated that the process for this project was effective and positive. The department worked closely with the town of La Conner, the tribes, and the local business people and

together came up with a solution that works for everyone. A consultant was also hired to look at safety issues. Ms. McNair also thanked the region and division staff for their diligence and hard work, as well as the community of La Conner, the tribes, and especially Jana Hansen, the Administrator for the town of La Conner. Ms. McNair then introduced Jay Udelhoven - Assistant Division Manager, Aquatic Resources Division.

Mr. Udelhoven began by providing a brief overview of harbor areas. There are 30 harbor areas established throughout the state. DNR manages harbor areas primarily through leasing activities and through agreements with port authorities. The Board of Natural Resources, acting as the state Harbor Line Commission, has the authority to revise 21 of the 30 harbor areas. Harbor lines are typically adjusted at the request of local communities to meet expanding needs of commerce.

The La Conner Harbor Area was established in 1893 and there have been two revisions since that establishment, one in 1986 and one in 1993. There are approximately 30 acres within the harbor area; approximately 2.2 miles long; nine acres are in use under lease; average width in the harbor area is less than 70 feet; and the minimum width is 50 feet. The need to review the current harbor area configuration in La Conner was brought to the attention of DNR by La Conner Pier, LLC.

DNR held two informal scoping and informational meetings; one formal public hearing; several informal meetings with constituents; solicited public comments; then prepared an environmental assessment and incorporated those findings into a report with recommendations to the Harbor Line Commission. Primary concerns from public comments were that safe navigational access through the channel be maintained and create or maintain adequate areas for floats and moorage along the shore in the town of La Conner. To address these concerns, DNR hired a consultant specializing in navigation who worked with the local community and developed a navigational report (included in Board materials). After all analyses were complete, three recommendations were brought forward for consideration.

1. Move the outer harbor line water ward where necessary, to encompass a 20-foot area adjacent to existing floats, after allowing for realignment toward shore.
2. Move the outer harbor line to accommodate placement of a new float between Caledonia and Sherman Streets.
3. Remove a portion of the harbor area, located south of the Swinomish Bridge and east of the US Army Corps of Engineers jetty, and extending east into Sullivan Slough.

Benefits: Avoids adverse economic and environmental impact; maintains public access; recognizes Indian treaty rights; avoids cumulative impacts for other decisions; does not set a precedent for other harbor areas. Mr. Udelhoven concluded by stating that the department recommends that the State Harbor Line Commission approve the Resolution to authorize changing the harbor line boundaries.

Bruce Bare asked Mr. Udelhoven to refer to the maps on the wall and show the Board what the impact of the three recommended changes would be to the area. The discussion was inaudible.

MOTION: Glen Huntingford moved to approve Resolution # 1053.

SECOND: Bruce Bare seconded.

ACTION: Motion passed unanimously.

Harbor Line Commission reconvened as Board of Natural Resources.

LAND TRANSACTIONS

Mima Mounds Trust Land Transfer # 02-073197 Resolution # 1054 (Handout 2)

Ever Challstedt provided a brief overview of progress on the 2001 - 2003 Trust Land Transfer program (Slide 1). To date, eight of the eighteen transfers have been approved by the Board. \$32,000,000 of the \$50,000,000 appropriation remains available for the remaining ten transfers. Most are under appraisal and appraisal review. Some properties may be transferred via easements due to high land values that exceed the 80:20 timber-to-land ratio. We expect to present one or more transfers at each of the next four Board meetings.

Mr. Challstedt then began the Mima Mounds TLT presentation. The Mima Mounds transfer parcels are located in Thurston County approximately seven miles southwest of Olympia adjacent to the existing Mima Mounds Natural Area Preserve. Two common school trust parcels are proposed for transfer, a 20-acre timbered tract on the north and a 160-acre tract of 6-year reproduction to the east. Both properties are zoned for residential development and were valued accordingly by the appraiser. The timber value of \$175,000 will be deposited into the Common School Construction Account, and the land value of \$810,000 will be deposited into our land replacement account and used to acquire other property better suited for trust revenue. Ownership of the property will be transferred to the Department's Natural Area Preserve program. Benefits: it disposes of isolated property; provides funds for school construction; provides funds to purchase replacement land; and adds to Mima Mounds NAP. The Department recommends approval.

Terry Bergeson asked what the mounds are?

Mr. Challstedt said that no one knows for sure but the most plausible explanation is that they were formed during the ice age ten million years ago.

Bob Nichols asked where the public access to the mounds is? (Slide 9)

Mr. Challstedt indicated that it comes in from the Waddell County Road at the north end of the NAP.

Bruce Bare asked if the main reason for this acquisition is buffering?

Mr. Challstedt said yes, although there is an ecological importance as well because the mounds are located on a portion of the transferred property.

MOTION: Terry Bergeson moved to approve Resolution # 1054.

SECOND: Bob Nichols seconded.

ACTION: Motion passed unanimously.

Hoodspport Replacement Purchase # 08-74552 Resolution # 1055 (Handout 3)

Mr. Challstedt and Herb Cargill - District Manager for Southeast Region presented the proposal to acquire 160 acres of forestland from Merrill & Ring Forest Products Co.

Mr. Challstedt then began by indicating its location in Mason County on the Westside of Hood Canal. The property is composed of 32 acres of 41-year old Douglas fir and 128 acres of mature timber that will be

reserved and harvested by the seller. The property is an inholding within the Hoodspout forest and surrounded on all sides by Mason County forest board trust lands (Slide 3). Developed access is from the west over a forest easement access road.

Mr. Cargill discussed the history of the property and its access problems. He showed the areas of concern on the map (Slide 3). He indicated the lack of access to desired areas and that acquiring this property would provide access to harvest state timber that remains inaccessible at this time.

Mr. Challstedt stated that the property had been owned by Rayonier for many years and placed in a land sale auction late last year. Due to time constraints, DNR was unable to respond to the auction directly. DNR was approached by Merrill & Ring, who was interested in bidding for the timber, but did not want to be long-term landowners. DNR provided M&R with the land purchase value it was willing to pay if they were successful at acquiring the property. M&R acquired the property in December, and, as agreed, is offering the land and 41-year stand to DNR at the pre-agreed price. M&R will reserve and harvest the merchantable timber.

Slide 5 shows the mature stand of timber that will be reserved and harvested by Merrill & Ring (gray area). The yellow area shows the 41-year old stand that DNR will gain for future harvest. Mr. Cargill has advised that DNR replant following harvest. Retaining control of the planting contract and the type and number of trees planted will reduce costs. M&R will have the right to remove timber over the next three years but expect to complete harvest by the end of the year.

Terry Bergeson questioned that since $\frac{3}{4}$ of the timber will be gone, and the remaining timber won't be harvestable for several years, the primary reason for the purchase is perpetuity and access?

Mr. Challstedt said yes.

Jim Zuiches asked why the harvesters weren't required to replant when they received approval from the Forest Practices Board and why we didn't shift the responsibility of replanting to the harvesters stipulating DNR's planting standards?

Mr. Cargill indicated that during the negotiations it was determined that it would be cheaper for DNR to provide the service through inmate crews.

Glen Huntingford expressed concern for the large area of clearcut DNR would be retaining ownership of and wondered if the Greenup policy would affect harvest on the other land?

Mr. Cargill said possibly, but DNR will treat it as a state harvest and maintain appropriate spacing from other harvests.

Jim Zuiches asked if Mr. Challstedt had reviewed Merrill & Ring's proposal for the forest practices approval, considering the differences in the way DNR harvests and the way the private sector harvests?

Mr. Challstedt said he had seen a copy but had not reviewed it in detail yet.

Terry Bergeson expressed concern over the department's responsibility to the condition of the land after the harvester has departed.

Mr. Challstedt did not have a concern about the harvesters leaving the land in an unsuitable condition. Utilization standards should provide for adequate site preparation.

The Purchase price is \$210,000, which provides the Department with an investment return of 5.2%. This is a real rate of return that is not influenced by inflation.

Benefits of the acquisition: it removes a private in-holding; adds to the forest land base; provides access; and provides DNR with an improved road that meets current forest practices standards.

Bruce Bare asked if the 32-acre 41-year old stand was modeled for commercial thinning?

Mr. Challstedt said he would ask the staff member that did the modeling. *Note: The answer not provided at the meeting is that the stand was not modeled for commercial thinning.* The 41-year old stand was modeled for a 75-year harvest instead of a 60-year harvest because it is within a rain-on-snow elevation zone as provided for under the HCP. In rain-on-snow zones we retain 50% of the drainage in an age class of 25 years or greater.

MOTION: Glen Huntingford moved to approve Resolution # 1055

SECOND: Was seconded.

ACTION: Motion passed unanimously.

Meadow Springs Commercial Land Bank Sale # 02-74208 Resolution # 1056 (Handout 4)

Julie Armbruster began with the background on several potential transactions in the Tri-City area and summarized some of the complications surrounding those sales. She indicated that the Meadow Springs sale was pulled prior to auction for two main reasons: 1) DNR received conflicting information about the availability of water to the property after the advertisement was already released and after discussion with interested bidders. DNR was unable to resolve the issue before the auction date and did not want potential bidders to feel misled. 2) A concerned citizen raised issues about how the sale was advertised and whether SEPA was done, and she was particularly concerned about the riparian habitat. She also suggested that DOT should purchase the property for wetland mitigation. A Fish & Wildlife employee also expressed concern about potential development of the property due to salmon present in the stream. About the same time, the Desert Plateau Homeowners Association began protests over the Pasco 14 Sale. Based on the level of concern in the community for these two properties, the department decided to hold a public meeting regarding all of the proposed sales: Pasco 14; Pasco 16; Meadow Springs Commercial; Meadow Springs Residential; and Kennewick 16.

Summary of that meeting: Held January 27, 2003 @ 7pm in Pasco; 114 people signed in; meeting began with presentation by the department including a question and answer session; a presentation was given by the Desert Plateau Homeowners Association on Pasco 14; the group was then dispersed to listening posts for each of the five properties where their comments were recorded.

Comments were recorded for each of the five properties and these are the categories of concern in order of priority (Note: Posts for Pasco 14 and Meadow Springs received the most comments):

Loss of Habitat

Shrub steppe; black tailed jackrabbit; burrowing owl; raptor habitat; riparian areas; salmon habitat; and concerns that seasonal plant/animal surveys were not done.

Loss of Open Space/Recreation

Concern that cities had not adequately planned for open spaces and parks; open space for educational purposes was considered a higher priority than economic return; agricultural lands in neighborhood was viewed as positive both for keeping land in agricultural use and for educating children.

Growth Management Issues

Key concern was impact of additional housing on already overcrowded schools and additional traffic; cities will have to fund improvements to accommodate the growth; major concern over current boom based on employment from the vitrification plant under construction will turn into a bust and the market will be flooded with homes and vacant homes or homes sold at a lower price may lead to various social problems and may reduce property values. Some support was generated for the sales in the “growth management category” with a few stating these are within urban growth areas and development is the appropriate use and not developing the properties in urban areas leads to sprawl.

Further studies on “*growth management issues*” and impacts of these sales, in particular, was called for and a petition from the Desert Plateau Homeowners Association was presented to the department as well as the City of Pasco. The petition opposed the sale until completion of current development already in progress, and until the impacts of development are assessed and a full environmental impact evaluation is completed. Over 300 names are on the petition.

Department Procedure

There were complaints about the meeting itself including - notes not taken during full group session; complaints on listening post format; meeting was held on same night as city council meeting; public had no input on format; inadequate response to some questions; no assurance group was heard. Other concerns over department decision-making included - not enough information; not enough analysis done; public agencies need more time to find ways of purchasing property; department didn't take comprehensive look at impacts of selling properties (either on environmental or growth issues). SEPA caused a lot of concern – SEPA is not required on land sales and transfers unless the property is subject to an authorized public use and there was a great debate over what authorized public use means. According to the law, it is defined as a parcel of real property with developed facilities subject to public use or lands specifically designated or classified for public use without facilities.

Economics

Pasco 14 was seen as an investment that should be retained and that the department was not charging enough rent and that rent should be increased on the agricultural lease to improve financial performance; concern for oversupply of existing building lots and now is not an appropriate time to sell; some preferred preservation to using property to fund schools.

Public Nuisance

Off road vehicle use; dumping; abuse of property.

As a result of the meeting the department determined that the issues on the Meadow Springs Commercial could be addressed most readily and decided to bring that sale forward. The other properties are still being evaluated.

Meadow Springs Commercial - DNR received eleven comments: 6 on growth management; 4 on habitat; and 1 on department procedure:

Growth Management

Focused mainly on increased traffic and the need for street improvements in the area; concern for the effect of new development on schools; fire and police protection; and the need for more business properties was questioned.

Habitat

Comments noted that the property is shrub steppe with a population of black tailed jackrabbits; concern that native plant and animal surveys had not been done; and that the department needs to look at transactions on a landscape scale, taking into consideration the effects of habitat loss.

Department Procedure

The comment received objected that the public meeting was held on the same night as the city council meeting.

The Department's response:

Growth Management

The property is within the city limits of Richland and is zoned commercial and multi-family. A purchaser who wishes to develop the property will be subject to the local land use laws, and to SEPA if the proposed action is not exempt. Due to the zoning, it is clear the City anticipates the use to change and has taken that into account in their long-term planning. In the early 1980's, the department also recognized that this property was likely to convert to urban use and could not be managed for natural resource production. It was included, along with the other Tri-Cities properties currently considered for sale, in the Transition Lands Plan of 1988. The chief management goals of trust lands considered urban are to prepare them for commercial leasing or for sale or trade.

Habitat

Black Tailed jackrabbits may exist on the property since there have been records of sightings in Benton County. They are listed as a state candidate species of concern by DFW. They are not listed in any federal category. Due to the small size of the parcel, its urban setting, and the low quality of the vegetation, it does not meet the criteria for a Natural Areas designation, and is not considered viable shrub steppe habitat for the long term.

Department Procedure

Regarding the scheduling of the meeting – it was not intentional to exclude city council members, in fact two cities were represented by their planning directors.

Chair Sutherland indicated the difficulty in scheduling the meeting and that there were several meetings scheduled but delayed at the citizens' request.

Ms. Armbruster confirmed that DNR went through several dates trying to coordinate with neighborhood groups that were interested.

Property characteristics (Slides 10 & 11): 30 acres within City of Richland; zoned for commercial (23 acres) and multi-family (7 acres); managed under Transition Lands Plan; shrub steppe characteristics – low quality; appraised value is 3.3 million dollars.

Benefits: Property is proposed for sale because – even though zoned commercial, property is not generating income (low potential for ground lease, developing the property to attract lessees is not cost effective); more cost effective to reposition the property by selling it and using the proceeds to purchase

property with greater income potential; timing of this sale is intended to take advantage of a strong market. The department recommends approval of this sale.

Terry Bergeson asked who would be buying it?

Ms. Armbruster said it will be sold a public auction and there are currently interested parties.

Jim Zuiches asked what the minimum bid price would be?

Ms. Armbruster said that if the Board approves the value recommended today, that would become the minimum bid. The value is based on an independent third party appraisal.

Bob Nichols asked if Ted Clausing of Fish & Wildlife (in the audience) had comments on this issue?

Ted Clausing - F&W Regional Habitat Program Manager in the South Central Region, stated that Ms. Armbruster summarized the project very well. He also indicated that the property has had a history of public pressures from all sides. F&W has not determined that there are special species using the site, but on a parcel that small, their future would be uncertain even if they were confirmed there. The summary of the habitat-based issues was good and F&W is not opposed to the sale.

MOTION: Terry Bergeson moved to approve Resolution # 1056.

SECOND: Bob Nichols seconded.

ACTION: Motion passed unanimously.

Chair Sutherland asked when Ms. Armbruster expected to bring the other proposed sales forward to the Board?

Ms. Armbruster indicated that the "Kennewick 16" sale may be brought forward in March and possibly others.

Break 10:45

Reconvened 11:00

Note: Bob Nichols excused himself during break.

TIMBER SALES

January 2003 Sales Results (Handout 5)

Jon Tweedale - Product Sales Manager, reviewed the January 2003 Sales Results (Slide 3): 21 sales offered and 19 sold; 63.8 mmbf offered and 58 mmbf sold; \$15.4 million minimum bid and \$17.1 million sold; 241/mbf offered and 296/mbf sold; average number of bidders was 4; 26% above minimum bid. Mr. Tweedale noted that there were a number of bidders present that have not been at the DNR sales for some time and he attributes this to a broader mix of sales. There were two no-bid sales and they will be reappraised and brought forward as soon as possible.

Proposed Timber Sales for March (Handout 5)

Mr. Tweedale continued with proposed timber sales for March 2003 (Slide 4): 17 sales at 57 mmbf; \$11.8 million; average \$208/mbf. Recommend all 17 sales at 56,994 mbf with a minimum bid of \$11,829,000 be approved for auction for the month of March 2003. Mr. Tweedale noted that the Chewbaca Cedar pole sale had been removed due to an advertising issue and will be offered in April.

MOTION: Terry Bergeson moved to approve the proposed timber sales for March 2003.

SECOND: Was seconded.

DISCUSSION: Jim Zuiches commended the Northwest Region Office staff for their excellent work on the write-up for the Grand Slam timber sale, especially the discussion of cumulative effects. It was very well documented and had a simple table that should be held up as a model to show how one would present that material.

ACTION: Motion passed unanimously.

CHAIR REPORTS

Sustainable Harvest Calculation Update (Handout 6)

Bruce Mackey - Lands Steward, recognized the Board's request at the last meeting for an update on the Sustainable Harvest Calculation, an update on EIS alternatives, and a timeline. He then turned to Angus Brodie to give presentation.

Mr. Brodie began with overview of the five major activities:

1. Modeling Alternatives
2. Producing an Environmental Impact Statement
3. DNR Field Review
4. Generating a Set of Criteria and Indicators
5. Involving Public and Stakeholders

Modeling Alternatives

Modeling takes several iterations before you gain results that meet your expectations, so the modeling has taken longer than expected. Some preliminary results have been shared with the regions.

Producing an Environmental Impact Statement

Need to produce a study plan. Our contractor for preparing the EIS is Foster and Wheeler and they have a lot of experience in NEPA and SEPA documents. They did the Forest and Fish EIS for Forest Practices, however the nature of this EIS is different, so getting them to understand the scope of the work has taken time. We now have a draft study plan and are moving forward in developing the discussion around the affected environment. In a couple of months the actual analysis will begin and then the final write-up.

DNR Field Review

In an attempt to assure that the model is realistic from an implementation point of view, we are going through a region review with Alternative 1 and have some preliminary results.

Generating a Set of Criteria and Indicators

Looking at more specific criteria and indicators so we can translate and interpret the model results from area and volume into a set of criteria and indicators that represent the three circles of environmental, economical, and social criteria.

Involving Public and Stakeholders

Recent activity has been low but is expected to increase in June or July as we anticipate the publishing of the draft environmental impact statement and this set of criteria.

Mr. Brodie continued, explaining the process they have been going through regarding the assumptions and attempts to do an analysis on the policy and procedural changes that would occur under each of the alternatives. Mr. Brodie referenced a draft table (Slide 1 of 2 Tables). He wanted to make a key point - when laying out the analysis (he asked the Board to notice Alternative 7 on the Table where there are a number of boxes stating "HCP amendment") there were several discussions about whether the changes would be minor or major, and at this time it is still unknown, but there is a better understanding of the nature of the changes and this has enabled the team to provide some practical recommendations for the board to consider today.

In Alternative 7, a lot of the changes are HCP amendments that would lead to a set of extensive negotiations with the National Marine Fisheries Service (NMFS) and United States Fish & Wildlife Service (USFWS). DNR is in constant negotiations with these services under the implementation of the HCP, but the nature of the suggested changes in Alternative 7 would lead to more extensive negotiations. From those negotiations would come a biological opinion that would provide the scientific basis for the changes, which would be done by an independent scientific panel.

Terry Bergeson asked if there is a sequence to negotiate and get the biological opinion, or does the biological opinion already exist to back up the discussion?

Mr. Brodie said they happen dually but they are separate documents. This is far more extensive than anticipated.

Chair Sutherland asked how long it would take?

Mr. Brodie anticipates a minimum of 2 years. He then continued with the recommendation (Slide 5) - Board to continue to consider the policy elements of Alternative 7 (integrated forest management approach) outside of current EIS process; if the Board considered Alternative 7 style policy features desirable, then these policy features could be analyzed during the upcoming round of Forest Resource Plan Review.

Jim Zuiches asked if this was being recommended because those policy changes would be major in the HCP, and we would need to reopen the negotiations for the HCP?

Mr. Mackey indicated that Alternatives 1-6 fit within the current HCP, but going to an un-zoned approach becomes a major change. The suggestion is to go through the EIS process with the 6 alternatives so that the impact is understood and it can be identified if they are consistent with the HCP, then using those as the policy decisions that the Board will make at the end of this process. It will then show the difference of the power of the type of model we have now by 1) the Board can use it to make policy decisions and 2) it provides an opportunity to look at alternatives that will not be adopted, but can be explored for future policy decisions. This would provide information to take the next step.

Terry Bergerson asked what will be done to consider all of the policy elements in Alternative 7, without the package?

Mr. Brodie said that if Alternative 7 is included it would delay the process greatly. He explained that volume, revenue, and a set of social, economic, and other environmental criteria will still be assessed, but environmental impacts will not be, although they will be analyzed for the other 6.

Bruce Bare thought the Board was going to look at the impacts of all 7 alternatives with a mix-and-match approach. He asked if Alternative 7 is going to be outside of the mix-and-match approach?

Mr. Brodie said yes. If it is removed from the EIS process we remove elements that won't be included in the mix-and-match process.

Bruce Bare asked what would happen if Alternative 7 is excluded yet it turns out to be the superior alternative and best for the mix-and-match approach?

Mr. Brodie clarified that the policy and HCP amendments will be developed to implement Alternative 7, but it will take time, and the implementation won't be delayed upon the Board's decision today. What this recommendation allows is the ability of the Board to make changes this fall with a mix-and-match approach from the other 6 alternatives.

Jim Zuiches recapped by stating that alternatives 1-6 are evolutionary in nature, but Alternative 7 will perhaps become a huge revolutionary change in how forests are managed and would require a new set of negotiations with Fish & Wildlife and NMFS, and that appears to be the issue.

Terry Bergeson expressed concern about what is being given up.

Mr. Mackey stated that when the department began the process, it was assumed that everything was within the current HCP and there would be no need to open the HCP. He indicated that two things would occur if Alternative 7 is included 1) the draft EIS process will be much longer and 2) if the Board decides to put any of the policy elements from Alternative 7 in the final preferred alternative then it opens up a minimum 2 year process to reach a final determination due to HCP negotiations.

Jim Zuiches agreed that the Board should continue with 1-6, look at the possibilities in 7, move toward a sustainable harvest decision point in terms of policy, and at the same time think about where we want to be 100 years down the road and maybe begin that set of negotiations so that within the next ten years we have a new model for how we manage the forests. That will take longer than two years.

Bruce Bare stated that there would be no motivation to come back and look at Alternative 7 if the Board agrees with the recommendation today.

Mr. Mackey stated that if the Board's motivation is to have a decision and operational policies by this fall, then constrain their decisions to alternatives 1-6. He disagreed that there would be no motivation to come back and look at Alternative 7, and reiterated that Alternative 7 should be looked at to see if there is a motivation, i.e. would it be considered as a possibility for the future knowing it would take a lot more work and would open up the HCP.

Terry Bergeson stated that she wants to understand the biological silviculture information piece. She also expressed concern about re-opening the HCP.

Bruce Bare asked if Alternative 7 isn't in the draft EIS can it be part of the final EIS?

Mr. Brodie said yes, with an amendment.

Jim Zuiches asked if there would be a specified EIS component for the Olympic Experimental State Forest (OESF)?

Mr. Brodie said the department is anticipating organizing the EIS and doing some of the quantitative analysis that can be done by habitat conservation unit, which OESF is one of.

Chair Sutherland asked that Mr. Brodie return to the March 4, meeting to update the Board again, asking that he look into the question of OESF as an element. He also expressed his concern about potential delays.

Jim Zuiches requested that at the next meeting the Board have an in-depth discussion on policies.

CHAIR REPORTS CONTINUED

Chair Sutherland (Handout 7) described a report on the tabulation of property taxes paid by the department to the counties, for the year 2001-02. He explained that too often, as public ownership of lands continues to be discussed, people look at the ownerships that the department has not realizing that we pay taxes for those lands. The report indicates leasehold taxes collected by county and it includes non-product leasehold taxes and product leasehold taxes. As a result of those two the department paid \$2,845,946.00 to the counties. Chair Sutherland noted this does not include timber tax because it falls under normal operations. Chair Sutherland thought it was important for people to know that the department does pay taxes, as a jurisdiction, back to the counties.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

Nancy Peckman – Society of American Foresters (Handout 8)

Bob Dick, speaking as Co-Chair of the Washington State Society of American Foresters (SAF) Policy Committee, introduced Nancy Peckman, Chair of the SAF.

Ms. Peckman described the wide range of employment, philosophy, and training throughout society expressing the common goal of wanting to see sustainable management on our state's, and nation's public and private forestlands. She then provided an overview of SAF as a scientific and educational organization representing the forestry profession in the United States. SAF was founded in 1900 by Gifford Pinchot and is the largest professional society for foresters in the world. They are a nonprofit organization committed to sustainable forest management, striving to meet economic, social, and ecological values for today and for future generations.

Ms. Peckman stated that for the past three decades, society has focused on habitat protection, which is very important. The US, however, imports between one third and one half of its solid wood needs and must recognize the burgeoning need to address forest products production from all our forests, both private and public. She continued by highlighting two position statements that reflect the thoughts of SAF on the Department of Natural Resources land management and the Sustained Yield process.

1) DNR Trust Land Management - SAF concurs with DNR's constructive, effective forest management philosophy, which will benefit trust land management and production at the same time it protects and

enhances the forest environment. SAF recommends that DNR continue to examine strategies developed under the HCP to seek more efficient implementation strategies. HCP standards were developed almost ten years ago and since that time there have been significant advances in the science and application of forestry to promote wildlife and maintain forest health. SAF recommends that DNR and the Board of Natural Resources take all reasonable opportunities to educate beneficiaries and the public about Washington's trust lands. It is important for the residents of the state to understand what we have, what it provides to all citizens, and the importance of retaining the productive capacity of these lands.

2) DNR's Sustained Yield Project - SAF offered several suggestions for this process: Explore a wide variety of management strategies to capture advances in forest management science and technology since the HCP was originally written; examine environmental, social and economic outputs, using newly developed technologies to "find the balance"; SAF urges DNR and the Board to optimize product and revenue production and SAF applauds efforts to accomplish this need; monitor results from field application of projects, as this is one of the most important and most often ignored factors in forest management; and finally, begin the eastern Washington recalculation immediately upon completion of the Westside project.

SAF applauds both process and product. The current project is a model of public involvement and technical rigor. SAF also offered statements on Federal Land Management and Commodity Production.

Chair Sutherland appreciated Ms. Peckman's comments and looks forward to her continued participation.

Note: Bob Nichols returned at 11:50.

Bob Dick - American Forest of Resources Council

Referred to the earlier timber sales discussion. He indicated that prices are up and bidders are up and he attributes this in part to the department doing an excellent job in marketing its product and in getting good information out to the people. He also attributes the interest in DNR timber to the fact that the department is the only public timber supply out there today. If there is a major change in the Canadian lumber imports, that could affect markets quickly, and that affects logs as well as lumber.

Chair Sutherland pointed out that in the Canadian parliament they are introducing legislation that will enable Canadians to function differently, particularly as it relates to export timber.

Mr. Dick indicated that there are a number of efforts currently that are trying to deal with the Canadian lumber import situation. Canada is trying to change the way it offers timber for bid. That may be an indication that pressure is building for a solution. He then complimented DNR's staff for their understanding of market dynamics and how they deal with it.

Chair Sutherland wanted to alert the Board to recent conversations he had with the US Forest Service and how we can work together more closely and not be bound by property boundaries. As we look at our forest health issues we find that borders of ownership become more difficult to work around. So the department is in the process of discussions to see if there are ways to manage our lands working together, using DNR standards as well as federal standards, and develop ways to step forward to a healthier more stable forest throughout the state.

Becky Kelley - Washington Environmental Council

Commented on earlier SHC discussions. She appreciated the comments about breaking it up into workable pieces. Ms. Kelley also wondered what would be lost by removing Alternative 7. She felt that the purpose of Alternative 7 was to indicate what would be lost or gained and how that works. She hopes

that will happen through the continued analysis of the model, criteria, and indicators. She also suggested that the OESF provide status of that project which would be helpful for the public and the Board to hear. Through past minutes, Ms. Kelley tried to track how we got to the 7 alternatives and how we would get to the EIS. She recapped discussions from the August meeting, and the September and October meetings. She then pointed out that there have been no discussions since, and wondered what is in the alternatives. She felt it would be helpful to have a fresh discussion as soon as possible and expressed concern about a decision being made without all of the different viewpoints brought to the table. She stated that the process would be well served by having serious discussions broken out rather than all at once.

Bruce Mackey responded to Ms. Kelley's comments and wanted to be clear regarding Alternative 7. He indicated that we are going to look at the forest resource plan, so we are not postponing looking at Alternative 7 for years. It clearly could be part of that process, and what we're saying is that it is set back a little bit, we are not throwing it out or removing it as an alternative. Secondly, all of the alternatives are listed on our website. Mr. Mackey also explained that the results will remain unknown until the models have been ran.

Bruce Bare brought up implementing changes in the forest resource plan, and asked how those changes would get factored into the sustainable harvest, assuming the Board won't be getting back to this exercise again.

Mr. Mackey said they could. If there was an alternative the Board wanted to look at after going through the forest resources plan and looking at those policies, they would go through an EIS, so if you put the potential analysis for Alternative 7 in that EIS, you've done it.

Mr. Brodie indicated that a full packet of results would be provided to the Board in June or July with the Draft EIS.

Terry Bergeson requested that the Board be shown the elements of the process, suggesting that the options would be clearer as they look at the impact of those parts to the environment. She expressed concern about trying to understand all of the models and the data at the same time in July.

Jim Zuiches concurred asking that Mr. Brodie lay out all 6 before July.

Mr. Mackey said they would try to bring back a unit every month.

Bruce Bare said he was interested in the criteria and indicators, not just the strategies.

Mr. Brodie pointed out that they have been looking at other approaches and have a few listed that might work but they need to be tested to see if they work and whether they make sense. The big piece the department has been working on is looking at the wildlife habitat relationships and using the model results to indicate some of those criteria.

Bruce Bare asked if the technical advisory committee is being helpful?

Mr. Brodie said yes, that they had a meeting with them last week and showed them some preliminary results from some of the alternatives in which the committee had some interesting questions that the department was unable to answer at that time. The discussion concluded

Bruce Bare then referred to the Lake Whatcom timeline in which it stated that the Board would be updated at the February meeting. He asked about the progress of that project.

Jack Hulsey - Upland Region Operations Manager, came forward to explain that additional time was needed due to a meeting held last Friday in Bellingham. Mr. Hulsey agreed to provide the Board with an updated schedule via mail.

Chair Sutherland asked that the Board be briefed on Lake Whatcom at the March 4, meeting.

Terry Bergeson brought up an article that had been included in the Board packet written by Michael Milstein (Handout 9). She felt the story was devastating as to where their market is going. Even though it was from Oregon it could apply to our region. The article is about the assessment for the resources planning act that the forest service produces every five years. She asked for more information on what the report was based on.

Chair Sutherland agreed to follow-up on the article.

Glen Huntingford thanked John Baarspul, Judy Wilson, and Tom Robinson for their input at a recent timber county meeting. Mr. Robinson did a good job in explaining what was happening in the Southwest region.

Chair Sutherland adjourned the meeting at 12:15 pm.

Approved this ____ day of _____, 2003

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Bruce Bare, Dean, University of Washington

James Zuiches, Dean, Washington State University

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Attest:

Maureen Malahovsky, Board Coordinator